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C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 000148

SIPDIS

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SUBJECT: RUSSIA TO SANCTION ARMS TRANSFERS TO GEORGIA?

Classified By: Charge Eric Rubin for reasons 1.4(b) and (d)

¶1. (C) Summary: President Medvedev signed a decree January 19 prohibiting the supply of military and dual-use items to Georgia, and threatening economic sanctions and the termination of military-economic and military-technical cooperation for foreign countries and entities engaged in such arms transfers. While MFA North America director Neverov dismissed the decree, calling it a "rhetorical shot in response to U.S. rhetorical shots," FM Lavrov in a press conference underlined that the decree complied with international law, while MFA spokesman Nesterenko said in a statement on the MFA website that the decree was the result of the lack of support Russia received in the UN and OSCE to proposals for an arms embargo against Georgia. The MFA told us specific transfers would be examined on a case-by-case basis. While Ukraine is one of the likely targets of the decree, given repeated GOR accusations of Kyiv's support for Georgia in the August 2008 war, Russia's ability to implement the decree is questionable, with experts characterizing the decree as symbolic. The intertwining of Russia's economy with Ukraine's, the Black Sea Fleet's use of Sevastopol, and Russia's military industry's partial dependence on Ukraine's military production complex for supplies mitigate against any rapid move to sanctions. End Summary.

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Nature of the decree  
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¶2. (SBU) On January 19, President Medvedev signed the decree "On Measures to Prohibit the Supply of Military and Dual-Use Goods to Georgia," which prohibits Russian physical and legal entities from delivering military and dual-use goods and services to Georgia, and threatens the implementation of economic sanctions against foreign states, organizations, and citizens involved in any such transfer. The termination of military-economic or military-technical cooperation is envisaged in the case of transfers by foreign entities of Russian or Soviet-designed or produced arms and military equipment. Notably, the decree does not specify any specific sanctions, but simply obliges the government to "propose measures."

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GOR defends decree  
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¶3. (C) Subsequent government statements highlighted the alleged conformity of the decree with international law, and confirmed "foreign countries" as the primary target of the decree. In a January 20 press conference, FM Lavrov said Russia would "draw conclusions" for its relations with states that continued to ship offensive arms to Georgia, and asserted Russia would consider it an "absolute abuse" of its military-technical cooperation if countries delivered to Georgia arms produced by Russia. Lavrov rejected the notion that any Russian sanction might be comparable to "unilateral" (Note: for which read "American" End Note) sanctions,

claiming Russia acted "in full compliance with international law" by designing its measures to address the "violation of international obligations."

14. (U) In a statement on the MFA website January 21, MFA spokesman Andrey Nesterenko argued that the decree was intended to prevent further violence in the Caucasus caused by the "destabilizing" presence in Georgia of armaments in quantities "significantly exceeding its defense and national security requirements." Nesterenko asserted previous arms deliveries violated international obligations such as the 'UN guidelines for arms transfers in the context of UN General Assembly Resolution 46/36N of 6 December 1991' from 1996, 'Principles governing conventional arms transfers' (OSCE, 1993), 'Initial elements of the Wassenaar Arrangement' (from 1996) and the 'OSCE document on small arms and light weapons' (2000). Nesterenko painted the decree as the result of the lack of support Russia received in the UN and OSCE to proposals for an arms embargo against Georgia, as well as NATO's continued support for the country.

15. (C) In a January 22 meeting, MFA DVBR Third Secretary Aleksey Chemechev told us Russia had been considering the decree since the August conflict in Georgia. While not willing to predict what form any sanctions might take, he noted specific transfers would be examined on a case-by-case basis. Chemechev said the sanctions were not aimed at any country in particular, but singled out Ukraine, Bulgaria, the Czech Republic, Israel, Bosnia-Herzegovina, and finally the United States as countries that sold weapons to Georgia.

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Sights on Ukraine?  
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16. (SBU) Although some pro-government analysts saw the decree as intended to protect Russia from "unfriendly regimes," many experts such as Alexey Malashenko from the Carnegie Center and Mikhail Nunashev, chairman of the State Duma Subcommittee for Military and Technical Cooperation saw Ukraine as a "prime example" of the decree's intended targets. Following the Georgian conflict, Russian officials were sharply critical of Ukraine's arms sales to Georgia, with Putin on October 2 calling Ukraine's arms sales a "crime against the Ukrainian people," and Medvedev on December 24 saying the sales were a "crime against Russian-Ukrainian relations." In an October 1 statement to the OSCE, the GOR listed as arms exporters to Georgia Ukraine, Israel, the Czech Republic, Bulgaria, Bosnia-Herzegovina, Poland, Lithuania, Turkey, France, and the U.S., but singled Ukraine out as the main exporter.

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Implementation questionable  
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17. (C) The issue of the decree's target begs the question whether the decree is operable. MFA North America Director Igor Neverov (protect) dismissed the decree, telling the Charge on January 20 that it was a "rhetorical shot in response to U.S. rhetorical shots." Russia's economy is intertwined with Ukraine's, and the countries cooperate on a number of issues, including Russia's lease of Sevastopol port for its Black Sea Fleet. Part of Russia's military industry depends on Ukraine's for supplies, so any sanctions against Ukraine would inevitably hurt Russia, especially given the possibility of Ukrainian retaliation.

18. (U) In an interview with Ekho Moskvyy radio station, political analyst Dmitri Oreshkin considered the decree to be symbolic, given the strength of Ukraine's military-industrial complex, which could shrug off any Russian measures. Ruslan Pukhov of the Center for Strategic Analysis and Technology argued that sanctions would not stop major NATO members like

the U.S. or Great Britain.

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Unofficial translation of the decree  
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¶9. (U) (Note internal numbering)

¶1. From the day of entry into force of the decree until December 1, 2001, federal executive authorities, government corporations, single enterprises, other legal entities formed in accordance with Russian law, and private entities are forbidden to supply, sell, or transfer to Georgia from the territory of the Russian Federation or via citizens of the Russian Federation military products, including weapons and military equipment, related material, as well as dual-use goods that can be used for military purposes, regardless of the origin of the military or dual-use products, or to use to this end rail, water, and air transport for the supply of military or dual-use goods, or hold consultations and provide assistance or services related to the production, servicing, or use of arms and military equipment, or provide services to train specialists in the military field.

¶2.

a) Should facts come to light that foreign states and (or) foreign organizations and citizens and also stateless persons permanently residing on foreign territory are supplying to Georgia military goods that are creating a destabilizing build-up of arms and military equipment or in any other way contributing to regional instability, the Government shall immediately propose the imposition of special economic measures against them;

b) Should it come to light that foreign states and (or) foreign organizations are selling or transferring to Georgia Russian (Soviet)-designed or produced arms and military equipment, the Government shall propose restricting or halting military-technical and military-economic cooperation with such states and (or) organizations.

¶3. Directed at the Government of the Russian Federation, the Ministry of Foreign Affairs of the Russian Federation, the Ministry of Internal Affairs of the Russian Federation, the Ministry of Defense of the Russian Federation, the Ministry of Justice of the Russian Federation, the Foreign Intelligence Service of the Russian Federation, the Federal Security Service of the Russian Federation, the Federal

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Service for Technical and Export Control, the Federal Service for Military-Technical Cooperation, and the Central Bank of the Russian Federation, in accordance with their competence to implement the measures stipulated in this Decree.  
RUBIN